

CECOM Science & Technology (S&T) Reinvention Lab

Issue 4

April 99

PERSONNEL DEMO

What Have We Done So Far...

- Conducted a BETA Test of the proposed Pay for Performance system. Results are being shared with Managers, Unions, and the workforce via briefings, this Newsletter and our Web Site:

[www.monmouth.army.mil/cecom/rdec/
PersDemo/main.htm](http://www.monmouth.army.mil/cecom/rdec/PersDemo/main.htm)

- Formal draft plan submitted to DA March 15, 1999
- 1st Federal Register Notice projected for June 99
- Continued discussions - negotiations with the Unions
- Final Revisions
- 2nd and Final Federal Register Notice projected for October 99
- 90-day pre-implementation period
- Implementation projected for January 00

“BETA Test”

By
Mike Gruen

In our last issue, we described an appraisal process called “Pay for Performance (PFP).” In case you missed the October 98 issue, hard copies are still available at the LQIP office (x74465), Room 2D134, Myer Center, Fort Monmouth or on our website.

While other S&T labs implemented their demo projects without testing their PFP process, we decided to conduct a “BETA test” before implementation. Our goals were to:

- Provide a level of confidence that we are on the right track.
- Generate statistical information on potential rating distributions.
- Identify areas needing improvement before actual implementation.
- Provide feedback to employees on how they might fare.
- Increase employee and management participation in the process.

The employees in the BETA test were all GS-12 and above and were rated using TAPES objectives and accomplishments from their most recent rating cycle (1 Jul 97- 1 Aug 98). Both engineers and business (program/budget analysts) occupations were represented. This group was selected for the test because they had just completed a TAPES rating cycle, and the appraisal data was current.

For purposes of the test, there were 3 separate pay pools, identified as East, West and a separate pool of just supervisors. The performance pay outs or pay pool of money is based on a percentage of the total salaries of the employees in the pay pool. The size of a pay pool can range from 25 to 300 employees. Performance pay outs can be either in the form of a base pay increase, one-time bonus or combination of both.

We put 3.8% of the total salaries in each pay pool: 2.4% was for base pay and 1.4% was for bonuses. The 3.8%, and the breakout for base pay and bonuses, were determined by reviewing our historical data on cost of within-grade-increases, QSIs, performance awards, etc. For each year of the demo, the percentage will be reviewed and set by a Personnel Policy Board.

The following chart shows the results by pay pool:

	Pay Pools		
	<u>East</u>	<u>West</u>	<u>Supervisors</u>
# Employees	172	121	30
Value of Single Share	1.11%	1.02%	0.95%
Highest Payout (\$,%)	\$4,228	\$3,751	\$3,729
Score	5.27%	4.68%	4.65%
	98.5	99	99
Average Payout (\$,%)	\$2,338	\$2,228	\$2,787
Score	3.8%	3.8%	3.8%
	84	87.5	76.7
Lowest Payout (\$,%)	\$128	\$134	\$1958
Score	.24%	.2%	2.5%
	52.2	52	76.4

The results show that most of us would have received more than a \$2,000 pay out. Performance payouts are directly related to shares earned. The higher your score (based on your actual performance), the more shares you get. Share value is a percentage of your base pay. The average employee received a 3.8% raise/bonus combination. A score of 49 or below - was an unacceptable performance level and earns no shares, no pay out. Two employees in the test group, about 1%, received scores of less than 50. Under our proposed demo, they would not have

PERSONNEL DEMO

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Editor - Karen Ryder

received any pay out or General Pay Increase. Under the current personnel system, they would not have been eligible for a performance award, would have been placed on a Performance Improvement Plan (PIP) and can be denied a within-grade increase, but would have received the General Pay Increase.

Share values vary among pay pools based upon differences in the number of shares that are given out and the salaries of the employees in the pool. The formula to calculate the value of a share is:

Pay Pool \$ divided by the Sum of the Individual Salary x Individual Shares = Share % Value.

In addition to the performance pay out, all employees who received a score of 50 and above received the full amount of the General Pay Increase (a.k.a. COLA). This is consistent with our proposal, which states that all employees with an acceptable rating will receive 100% of the General Pay Increase in the first year of the demo project.

Overall recommendations from the participants:

- Performance objectives need to be clearer, more concise—more results oriented.
- Supervisors' commitment is critical with more emphasis on performance counseling.
- Pay pools need sufficient funding and management must make performance distinctions for this to work.
- Reconciliation is critical - where rating differences between different supervisors are ironed out.
- Look at alternate scoring scenarios
- Small group training, practice sessions and automation tools are needed.

For those of you who are interested in a more detailed statistical presentation of the results, check our website, over the next few weeks.

Reverse Feedback

An additional aspect of the BETA test was to test a questionnaire developed by one of

the “demo teams” asking employees to provide feedback (anonymously) on the effectiveness of their supervisors. Employees rated their supervisors (on a scale of 1 to 5) on 20 questions. For example, “My supervisor”:

Supports, encourages and rewards team-work

Keeps me informed of what is expected

Instills a commitment toward customer satisfaction

Uses resources effectively

Empowers me to make decisions after I've demonstrated adequate ability and commitment

Keeps the government's interests foremost when dealing with contractors

423 employees were surveyed, 149 sent in responses. Forty supervisors were rated.

Consistently across organizational lines, the two questions which supervisors received the highest ratings on were:

My supervisor empowers me to make decisions after I've demonstrated adequate ability and commitment.

My supervisor keeps the government's interests foremost when dealing with contractors.

A list of all-20 questions, and average scores per question (by organization), will be posted on our website.

<http://www.monmouth.army.mil/cecom/rdec/PersDemo/main/html/>

***Make yourself necessary
to somebody.***

Ralph Waldo Emerson

Pay, Performance, and the Federal Employee -1883 to the Present

By
Jeff May

The system by which the Federal Government hires, promotes, appraises, and rewards its employees has been the subject of change for over 100 years. Before the passage of the Pendleton Act, or Civil Service Act in 1883, there were no laws, regulations, or procedures that ensured Federal employees obtained and retained their jobs based upon merit and capability.

Instead, Federal employees obtained their jobs through favoritism and patronage. With the passage of the Civil Service Act these practices were curtailed and the requirement that promotions be granted by merit competition was established; however, no appraisal system was established at that time.

Establishment of an appraisal system would not happen until 1912 when an appropriations act directed the U.S Civil Service Commission (now the Office of Personnel Management (OPM)) to establish a uniform efficiency rating system for all agencies. With this mandate to appraise employees uniformly, various methods for conducting and ensuring fair employee performance appraisals would become law or regulation over the next sixty-six years. The most notable of these being the Uniform Efficiency Rating System of 1935, which grouped rating factors under the headings of:

- ☐ Quality of Performance
- ☐ Productiveness
- ☐ Qualifications

There were five rating levels in each category and five summary levels. This system was used until 1950 when the

Performance Rating Act established adjective based summary rating levels of:

- ☐ Outstanding
- ☐ Satisfactory
- ☐ Unsatisfactory

The passage of the Incentive Awards Act in 1954 authorized the recognition of the personal efforts of an employee with a cash payment. The Salary Reform Act of 1962 would further strengthen the ties between an employee's performance rating and their potential salary by:

- ☐ Requiring an "acceptable level of competence" determination for granting General Schedule within-grade increases.
- ☐ Providing for the denial of the within-grade increase when performance is below the acceptable level.
- ☐ Authorizing an additional step increase for "high quality performance."

The Civil Service Reform Act of 1978 established the following requirements:

- ☐ Appraisals must be based upon job-related performance standards.
- ☐ Appraisal results must be used as a basis for training, rewarding, reassigning, promoting, reducing in grade, retaining, and removing employees.
- ☐ Employees can be removed for unacceptable performance on one or more critical elements, but only after being provided an opportunity to demonstrate acceptable performance. The standard of proof was reduced from preponderance of the evidence to substantial evidence.

The Performance Management and Recognition System (PRMS) appraisal and pay regulations issued from 1985 through 1992 also had significant impact despite their termination in 1993. The use of:

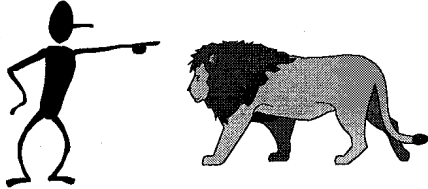
- ☐ Unacceptable
- ☐ Fully Successful
- ☐ Outstanding

summary ratings levels and their linkage to the minimum requirements for within-grade increases, quality step increases, career-ladder promotions, and employee termination are direct results of these regulations. The Federal Employees Pay Comparability Act of 1991 provides the specific legislative authority for payment of rating-based cash rewards to General Schedule employees like those authorized previously under PRMS and authority to grant time off as an incentive award.

The way the performance of Federal Government employees will be appraised and rewarded in the future is being re-evaluated today. Vice President Al Gore recently announced a civil service reform plan that would tie federal employee's pay more closely to their job performance instead of providing automatic pay increases based upon seniority. Under the proposed plan a managers' compensation would be based in part upon customer and employee surveys. This decision by the Clinton administration to embrace pay-for performance reflects a trend that started with various Personnel Demonstration projects within DoD and other government agencies.

DEVELOPMENT OF WORK THROUGH THE AGES

PREHISTORIC SOCIETY

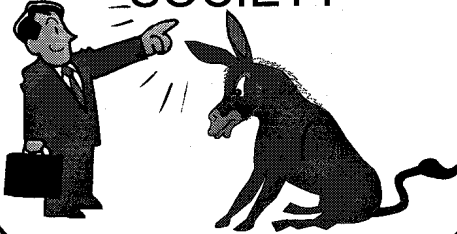


Did only those jobs that guaranteed survival e.g...

- *Protection
- *Food
- *Procreation

Reward = satisfaction

AGRARIAN SOCIETY

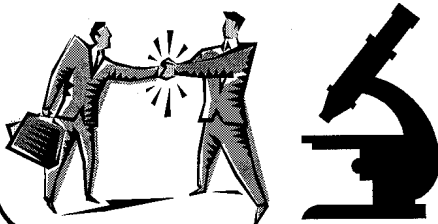


Started to coordinate jobs

- *Planted crops
- *Tamed animals
- *Used more sophisticated tools

Reward = goods & services

INDUSTRIAL AGE



Formalized work on a scientific basis
Managed jobs by command and control mechanisms
Jobs defined as sets of activities which could be measured
Well defined outcomes of work

Reward = Pay for the tasks

INFORMATION AGE



Need more info to be competitive
Networking gives competitive advantage
Work outcomes less specific
Strong focus on bottom line (results)
Jobs replaced by roles

Reward = Pay for performance

Time Will Tell...?

By
Bud Carbonaro

Last summer, Research, Development and Engineering (RDE) employees were given DoD Laboratory Civilian Personnel Demonstration surveys to complete. One of the questions asked was if you were in favor of the demonstration project for your organization. 25.6% said yes, 34.7% said no and 39.8% were undecided.

In 1979, employees at China Lake were asked this same question just prior to implementation of their Personnel Demo Project. The results were similar to ours, with only 29% of their work force in favor. This very same question was asked again of the China Lake work force last year, some 20 years after implementation and an overwhelming 71% of the work force now support the demonstration. As a matter of fact this question is asked of the China Lake work force periodically through these surveys and the results were a steady increase in personnel support over the years.

So what does this mean for us here at CECOM? Maybe only time will tell. But the attitudes at China Lake 20 years ago were perhaps no different than what we are experiencing here at CECOM today. At first, a resistance to change and a fear that the new system will be unfair. Presently, nearly 40% of the workforce is undecided. Which indicates that the true measure of support for this demonstration may be uncertain.

Another issue that may also not give us the true measure of what CECOM RDE employees think about the demo is the level of response to this last survey. 2900 of the surveys were distributed to CECOM RDE employees and only **791** responded or **27%**. CECOM by far had the poorest response of all sites. The Army-wide average was 47%. The problem with this level of apathy is that only a small minority of the work force is providing feedback as to what the work force is thinking. In that survey, 34.7% of the respondents said they are not in favor of the personnel demo. That equates to 34.7% of 791 or 275 people, which is only 9.5% of the workforce (275/2900).

The OPM survey goes far beyond the questions on the personnel demo. The survey addressed issues on the quality of new hires, effectiveness of our supervisors, support personnel, career and training opportunities, job satisfaction, performance appraisals, etc. So the need for participation in these surveys by the majority of CECOM RDE personnel is important for the Command to understand the issues and concerns of the work force.

SCRAMBLE

Unscramble these six words, one letter to each square, to form six ordinary words.

Y V R U S E

○					○	
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H A Y T A P

○			○		
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S I I M N O S

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P U S T O R P

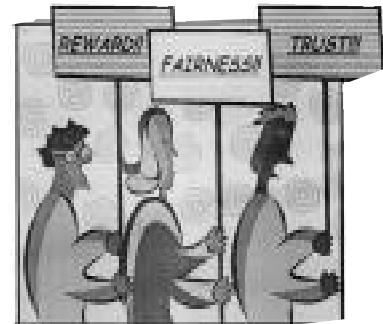
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D E F A B K E C

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N O R S S P E E

							
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What Government “Personnel” need for change?

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

(answers below)

In Our Experience, The Most Pervasive Restraining Force, The Most Formidable Obstacle To Effective, Sustainable Quality Change Within An Organization Is Lack Of Trust.

Stephen Covey

ANSWER: SURVEY, APTAHY, MISSION, SUPPORT, FEEDBACK, RESPONSE